

EXECUTIVE

DATE: 30th MARCH 2009

SUBJECT: COMMUNITY ENTERPRISE & RESOURCE CENTRE,
MARSH FARM

REPORT BY: HEAD OF CAPITAL & ASSET MANAGEMENT
HEAD OF REGENERATION

CONTACT OFFICER: MARGARET BIRTLES 546163
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IMPLICATIONS:

LEGAL	✓	STAFFING	✓
EQUALITIES	✓	COMMUNITY SAFETY	
FINANCIAL	✓	RISKS	✓

OTHER

CONSULTATIONS:

COUNCILLORS CONSULTED	✓	SCRUTINY COMMITTEE CONSULTED
STAKEHOLDERS CONSULTED		OTHER

WARDS AFFECTED: Northwell

LEAD EXECUTIVE MEMBER(S): Cllrs. Simmons & Davis

RECOMMENDATION(S)

1. Executive is recommended to:
 - (i) To approve in principle that the Council enters into a lease for space within the CERC and to delegate authority the Head of Capital & Asset Management and Portfolio Holder for Finance to agree terms.
 - (ii) To instruct officers to enter into detailed negotiations with the Marsh Farm Legacy Vehicle in relation to funding use and management of the proposed community space.

- (iii) To instruct officers to ensure that the budget requirements are met from within existing council budget and that provisions are factored into the 2010/11 budget setting process.**

REPORT

2. Members have previously received a number of reports about the Marsh Farm Master Plan and the implications for Luton Borough Council. At its meeting on 28th August 2008, Members supported, in principle the revised Business Plan for a 60,000 sq ft Community Enterprise and Resource Centre (CERC) building on the existing site. Executive further instructed officers to work with MFCDT on the provision of Council services within the CERC building and to take account of future budget requirements for occupation of space as part of the budget making process.
3. MFCDT has appointed consultants to advise on the space requirements, design and detailed business plan. Council officers have worked closely with these consultants to determine the requirements and financial implications in relation to Council services to be delivered from the CERC. The current proposal is for a 6,100 sq.m. (66,000 sq. ft.) building. The building will accommodate a range of Council services, space for the police and neighbourhood wardens, general community space, community health provision and enterprise space. The building will also include a shared reception area and café.
4. Council services to be accommodated within the CERC will include Customer Services (incorporating Housing), Day Services, Community Development and the Children and Learning North locality team. The building will also include general community meeting space and a bank of shared meeting/conference rooms. In specifying the services to be accommodated and the space requirements for each of these services, care has been taken to avoid duplication of the facilities being provided under BSF within Lea Manor High School which will accommodate the existing leisure centre, Adult Learning, the Integrated Youth Service, the Library and the Library Home Service. The combination of the CERC and Lea Manor High School will provide the area community hub to serve the North Area Committee as envisaged within the Council's Asset Management Plan 2009-14.
5. Accommodation within the CERC will replace facilities from which Council services are currently provided, namely the Jubilee Centre, Purley Centre office and Safer Communities office (also in the Purley Centre). Both the Purley Centre and Jubilee Centre are scheduled for redevelopment as part of the Marsh Farm Masterplan Central Area proposals. The Children and Learning North Area Team staff are currently located in Unity House and the space will be reallocated to other services in need of town centre office accommodation.
6. The Council has worked particularly closely with the PCT to determine the health services to be delivered from the CERC. Subject to formal Board approval, the PCT is proposing to deliver a range of additional community

health services from the CERC, which may include diagnostic services, therapy services, antenatal clinics, podiatry services, diabetes clinics and mental health provision. These services have a close synergy with the services to be provided by the Council from the building.

7. The original proposal was to refurbish the existing CERC building, however feasibility work has concluded that this is impractical. The current proposal is to demolish the existing building and construct a new building. Capital costs for the scheme will be met from NDC funding and the East of England Development Agency through the Economic Participation Programme: Indicative costs for the construction of a new building are £8.2m. The Trust has embarked upon a procurement process to appoint a specialist developer to deliver the CERC concerning this element and further discussions are already in progress. Capital costs are based on a building to BREEAM environmental standards of good and potentially very good.
8. The detailed business plan has calculated the income required to cover the cost of running and maintaining the building together with generating sufficient income to sustain the legacy organisation. A uniform charge is to be made to all occupiers occupying dedicated space. The costs will be £114.60/sq. m inclusive (£10.65/sq.ft). This made up of a rent of £80.70/sq.m. (£7.50/sq. ft.) and a service charge of £33.90/sq.m. (£3.15/sq.ft.). In addition occupiers will also need to meet their own business rates liability estimated to be in the region of £40.35/sq.m. (£3.75/sq.ft.). These figure are higher than originally quoted in the draft business plan, but scrutiny of the calculations suggest that they represent value for money for the quality of the building proposed. In particular, it should be noted that the rent is inclusive of maintenance and the business plan includes provision for life cycle costs. The Council will be responsible for internal decoration and fixtures and fittings. The Council will be required to enter into a lease, the length of which is to be determined, but will be a minimum of 10 years.
9. It has been calculated that the Council requires 220 sq. m. of dedicated space to accommodate its services. The areas required and the respective costs are as follows:

Function	Area sq.m.	Rent	Service Charge	Rates	Total Cost
Office Accommodation	150.00	£80.70	£33.90	£40.35	£23,242.50
Customer Access	30.00	£80.70	£33.90	£40.35	£4,648.50
Assisted Showers	20.00	£80.70	£33.90	£40.35	£3,099.00
Tenant Resource Room	20.00	£80.70	£33.90	£40.35	£3,099.00
Total	220.00				£34,089.00

10. These costs can be met from within existing Council budgets; however, a review of cross-charging mechanisms is necessary to ensure that they are equitable between the departments, but at the same time encourage sharing and maximum usage of accommodation. It will be necessary to agree apportionment of charges between departments and ensure that budgets for 2010/11 are aligned accordingly.

11. In addition to the dedicated space, the Council will have preferential access to the community and meeting spaces, which will in effect give it first refusal on booking the space. The community space will total 350 sq.m. (3766 sq. ft.) this is space is just under 100% bigger than that currently provided by the Jubilee Centre and will be divisible into at least 3 separate areas. The meeting space will total 150 sq.m. (1614 sq. ft.), this space will be flexible to provide for a range of meeting sizes. The Council has been asked to make a contribution of £28,000 per annum towards the cost this space. This contribution will need to be made from the budget allocated to the Jubilee Centre, but may include an element of contribution in kind through staff support. Officers will need to work with the legacy organisation to ensure that the business plan for the community space is robust and that there is an equitable share of the risks and the benefits. It will also be essential to ensure that that current community activity and the needs of council services for the space can be fully accommodated. Arrangements are likely to require detailed service level agreements. The proposal to relocate current service provision enables the Jubilee Centre to be included within the Central Area redevelopment and thus eliminates the maintenance backlog of £32,000 accrued in respect of the building.
12. Provision of enterprise space is key to the project and to the successful long-term economic regeneration within Marsh Farm. The exact amount of space to be provided for enterprise is still to be finalised and will be determined by balancing the likely demand, risks and availability of capital. It is likely, however, that the amount of space will exceed the 20,000 sq. ft. included within the draft business plan.

LEGAL IMPLICATIONS

13. The Council will need to ensure that any arrangements made comply with its obligations under the Accountable Body responsibilities for NDC funding. The Council has the ability to enter into arrangements for occupation and use of the building which will involve a combination of a formal lease and service level agreements. This has been agreed with Brenda Vale in Legal Services on 16 March 2009.

STAFFING IMPLICATIONS

14. In progressing the integration of Council Service delivery within the CERC there are implications for staff in a number of service areas:
 - Community Development (Jubilee Centre and Purley Centre)
 - Customer Service Centre (Purley Centre)
 - Adult Social Care (Various)
 - Children & Learning (North Area Team)
15. Further consultation and discussion with affected staff will need to be undertaken relating to place of work.

EQUALITIES IMPLICATIONS

16. The delivery of the Marsh Farm Master Plan is to ensure the regeneration of the Marsh Farm area of Luton. This is an area identified as disadvantaged in the 2007 Index of Multiple Deprivation. It will also be essential that key groups contribute to the next phase of development of the central area redevelopment. Further consultation work will be planned in developing the project. The design of the building will meet all requirements of the Disability Discrimination Acts.
17. An Equalities Impact Assessment (EIA) will be required, but can only be effectively undertaken once the complete range of uses has been determined and the design of the building has developed to an advanced stage. It is anticipated that an EIA can be completed within 6 months.
18. This report was approved by Adrian Entecott on 19th March 2009.

FINANCIAL IMPLICATIONS

20. The key financial issues for the Council in relation to the CERC building are in relation to costs to services in terms of occupation of the building. The cost to the Council of moving its service delivery to the CERC will total £64,000 per annum. The contribution to be made by each service still needs to be determined, but it is imperative that these costs are contained within existing budgets and that service levels are maintained. Liaison with Group Accountants to date indicates that containing the cost within existing budgets will be feasible, but further work is required to determine how this will be achieved. The budget solutions will be determined as part of a fundamental corporate review of cross charging for accommodation, which is taking place as part of the Reshaping the Estate initiative. The budget implications will need to be factored in to the 2010/11 budget setting process.
21. The Head of Corporate Finance approved this report on 19th March 2009.

COMMUNITY SAFETY IMPLICATIONS

22. The scheme will replace the existing provision for Community Wardens and Neighbourhood policing within the new CERC.

RISK IMPLICATIONS

23. There a number of risk issues in relation to the redevelopment of the CERC.
 - *Lack of community support for the redevelopment proposals (medium risk):* Significant community consultation and engagement has been undertaken in relation to this project and resulted in the decision to develop the CERC on the existing site. Continued engagement of the community in the design process will be important in managing this risk. Involvement of a representative group of residents in the legacy organisation will strengthen the sense of ownership by the whole Marsh

Farm community. Successful community engagement will also manage the risk of adverse publicity undermining the project.

- *Failure to procure a development partner (medium risk):* This will need to be carefully assisted in the current development market. An initial PIN published in OJEU has indicated some interest in the site.
- *Failure of MFCDT legacy organisation to support the operation of the CERC (medium/high risk):* The CERC will require strong anchor tenants to ensure that the overall budget is sustainable. The draft business plan assumed the Council and PCT would take a higher percentage of space, the current business plan allows for a lower allocation to the Council and PCT and a higher provision of enterprise space. MFCDT has appointed a consultant to advise and sensitivity analysis has been undertaken to test the robustness of the revised business plan. As stated in the main body of the report, the amount of enterprise space is still to be determined and minimising the risks to the whole project will be a key factor in determining the accommodation to be eventually provided. The Council as Accountable Body will work with GO-East, MFCDT and its advisors to ensure that the business plan is robust. The Council will have no Liability for the building if the legacy vehicle is not successful.
- *Failure of the programme to secure NDC funding (low risk):* This is believed to be unlikely and a manageable risk.
- *Failure to secure additional external funding (low risk):* Additional bids will be required and are currently being prepared. Luton Borough Council becomes the Accountable Body for the EEDA funding stream in April 2008.
- *Failure to ensure that costs are contained within existing budgets (medium risk):* A key objective of Reshaping the Estate is to ensure that existing premises related budgets are effectively deployed. Community Hubs that will enable a number of services to share accommodation and maximise usage is fundamental to delivering this objective. Work undertaken to date suggests that the objective is achievable, but will require a corporate approach to funding the cost of premises.

COUNCILLORS CONSULTATIONS

24. Councillor R J Davis

OPTIONS

1. **To not include LBC Services in the CERC building:** This would require capital investment by the Council in alternative assets, which is not currently available.
2. **To continue with the proposed development:** This is the preferred option.

BACKGROUND PAPERS

Executive Report 26.08.08